**Renewable Energy Transmission Initiative (RETI)**
**Frequently Asked Questions (FAQ)**

**BACKGROUND:** This document was prepared by the RETI Coordinating Committee in response to generator questions and concerns raised at the January 22, 2008 Stakeholder Steering Committee meeting. We are hopeful that it will address some, if not all, of these concerns and contribute to a consistent understanding of the RETI purpose and goals.

## Questions Regarding the Renewable Energy Transmission Initiative (RETI) Goals and Purpose

### 1) What is the purpose of RETI?

The purpose of RETI is to bring together all of the renewable transmission and generation stakeholders in the state of California to participate in a consensus-based process to identify, plan, and establish a rigorous analytical basis for regulatory approvals of the next major transmission projects needed to access renewable resources in California and adjacent areas. Among other things, the RETI process will help tie together the renewable procurement process with the development of generation and transmission so that one does not lag behind the others.

RETI will to do this by:

1) Identifying Competitive Renewable Energy Zones (CREZ) having densities of developable resources[1] that best justify building transmission to them (Phase 1);

2) Ranking CREZ on the basis of environmental considerations, development certainty and schedule, and cost and value to California consumers (Phase 1);

3) Developing conceptual transmission plans to the highest-ranking CREZ (Phase 2);

4) Supporting the California Independent System Operator Corporation (California ISO), Investor-Owned Utilities (IOUs) and Publicly-Owned Utilities (POUs) in developing detailed plans of service for commercially viable transmission projects (Phase 3); and

5) Providing detailed analysis regarding comparative costs and benefits to help establish the basis for regulatory approvals of specific transmission projects (starts in Phase 1 but is revised based on new information developed in Phases 2 and 3).

[1] "Developable resources" are those resources without significant, unmitigable, barriers to development, such as location within national park, other environmental factors, engineering feasibility, etc., that would preclude these resources from consideration.

RETI's goal is to build broad-based and, to the extent possible, consensus support for approval and construction of these major transmission facilities.

The analytical aspect of RETI is critical to the agency participants in RETI. RETI must provide rigorous analytical bases to compare CREZ and associated major transmission projects against each other so that decision makers are informed about the choices they are being asked to make. The California ISO interconnection queue currently contains over 40,000 MW of renewable generation projects. Meanwhile, the California Public Utilities Commission (CPUC) is being asked to approve multi-billion dollar transmission projects with few assurances that the generation proposed to use those facilities will actually be constructed, and with little information to compare whether development of one resource area might be more economic than another. Given that California ratepayers are expected to pay for both transmission investment and generation costs, the state has a responsibility to provide its decision makers with information that supports them in making decisions in the best interests of those ratepayers. A major purpose of RETI is to provide this necessary information to decision makers.

**2) Won't RETI slow down the Renewable Portfolio Standard (RPS) process?**

No. Lack of transmission is the critical barrier to RPS implementation for IOUs and POUs. RETI aims to speed up, not slow down, the development of large-scale transmission facilities in California.

Hundreds of renewable generating projects are currently proposed across the state. However, there is insufficient information to identify the appropriate transmission facilities to serve groupings of these projects. The proposed California ISO cluster study process is expected to provide some basis for focusing the planning of high-voltage transmission development, but this process considers only generation projects currently in the California ISO queue. Because renewable generation development will continue for many years, transmission must be planned to accommodate this expansion. RETI will provide estimates of developable generation potential for specific areas, and thus a transparent basis for identifying those transmission facilities best able to meet state renewable goals for 2020 and beyond

**3) Will proactive transmission development compete with FERC authority to determine the need for transmission upgrades?**

FERC, in its declaratory order on the interconnection approach proposed by the California ISO for location-constrained resources and in other decisions, has recognized the urgent need for proactive transmission development to access renewable resources. RETI is exactly this kind of proactive approach: instead of waiting for generator interconnection requests, RETI will document and provide a rigorous analytical basis for regulatory review of transmission to access projects having a high probability of being built before those projects apply for interconnection. This stands to greatly accelerate transmission development.

RETI does not have authority to determine need, or to approve anything. Instead, RETI will stimulate and focus the development of, and build broad support for, commercially-viable transmission projects. The California ISO, CPUC and POUs will then determine the need for such projects. FERC can then approve tariffs allowing cost recovery, and to the extent FERC cost recovery is unavailable, RETI can facilitate application of the CPUC's authority under Public Utilities Code Section 399.25. RETI in no way competes with FERC authority or slows down California ISO transmission planning or interconnection queue reform.

**4) Why should my company participate in RETI?**

As described in more detail below, the current process for ensuring the timely design and construction of transmission access to the right renewable resource areas is broken**.** RETI will provide needed information to address the problems with the current system and provide more stability and certainty to both transmission operators and generators. RETI will recommend to decision makers the next major transmission projects to be approved and built to access renewables. Consequently, your participation in RETI provides the opportunity to help shape CREZ boundaries and priorities, and the configuration and schedule of transmission project development. Failure to participate will deprive RETI of important information and feedback necessary to merge analysis of project development potential with commercial reality.

## Questions Regarding the Scope of Phase 1 Resource Assessment and CREZ Identification

**5) The Phase 1 Resource Assessment seems like just another resource study. Haven't we studied this enough?**

The Resource Assessment to be completed in Phase 1 of RETI will build upon, not recreate, dozens of existing resource assessments. Past studies have stopped short of identifying "developable" potential, and are thus inadequate for use in transmission planning. Starting with those existing studies, the RETI consultants will draw on the knowledge and experience of developers, environmental and ratepayer advocates, utilities, transmission system operators, land use agencies, local government and other stakeholders, to drill down on the resources identified in previous studies and identify the most cost-effective *developable* renewable resources in California and neighboring areas. Among other things, this analysis will consider engineering feasibility and environmental factors that may not have been considered in previous studies in order to eliminate undevelopable land from consideration. Estimates of the costs of developing each area's generation resources and delivering that energy to load will also be developed in consultation with RETI stakeholders. As discussed further in the answer to Question (9) these project and technology costs will by necessity be estimates. However, they are intended primarily to provide information to compare areas.[2] Because they are based on

[2] The Phase 1 Resource Assessment will only compare technologies to the extent that it compares the relative energy, capacity, and integration values and costs of technology-specific generation projects. A

consistent and consensus assumptions, any inaccuracies will be consistent across the board, thus serving the necessary comparative purpose.

Ultimately, based on analysis of developable potential, comparative economics, and other factors to be determined by RETI Stakeholders, resource areas will be grouped into Competitive Renewable Energy Zones (CREZ) and prioritized for transmission planning purposes. Such a stakeholder-vetted, consensus-based foundation is crucial for RETI Phases 2 and 3 to be able to develop transmission plans for those CREZ and stimulate development of specific transmission projects.

This type of analysis has not been done in California, and, as described in the answer to Question (1), is necessary to inform decision makers.

**6) Why can't we rely on "the market" to determine which renewable resources will get California to its clean energy goals?**

Relying on the market is relying on the status quo, and the status quo isn't working. The market for renewable power in California has been partly effective, and partly ineffective, in addressing the state's clean energy challenge. That challenge is three-fold: California must foster the development of a large quantity of renewable resources, at the lowest possible cost, in a short amount of time. The solution thus involves: (a) increasing supply by investing in new capacity and new transmission to access that capacity; (b) ensuring economic efficiency by investing in a rational, cost-effective transmission build-out to the most cost-effective renewable resource areas in California and neighboring regions; and (c) expediting the planning and permitting of generation and transmission facilities. The effectiveness or ineffectiveness of the market in addressing these discreet challenges is addressed below:

a) The market has been ineffective in increasing supply of renewable resources. California's load serving entities (LSEs) have signed contracts for thousands of MW of renewable generating capacity, but development has been very slow. Since the inception of California's RPS, less than 400 MW of new renewable capacity has begun delivery to California's large IOUs. The delay is due, in part, to transmission constraints.

b) The market has been ineffective in ensuring economic efficiency by investing in a rational, cost-effective transmission build-out to the most valuable renewable resources in California and neighboring regions. LSEs can incent and plan generation and transmission investment, but "the market" alone does not ensure that these investments are economically efficient. First, information about the full transmission cost associated with particular generation projects is nearly always inadequate at the time of contract negotiation, given uncertainties about planned

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geothermal project, for example, may be assigned a higher capacity value than a wind project. Cross-CREZ comparisons will then be performed on the basis of the aggregated costs and values of the projects in each CREZ. It is not anticipated that any CREZ would be prioritized or handicapped based solely on the technology mix in that CREZ.

transmission and the viability of other generation projects dependent on the same transmission upgrades. In any market interaction, incomplete information can lead to an inefficient outcome. In this case, LSEs are often unable to accurately compare the full, delivered energy cost of various projects.

Second, even when they have complete cost information, LSEs – at least IOUs regulated by the CPUC – may be relatively indifferent to those costs. Final decisions about the price reasonableness of IOU contracts and transmission upgrades rest with the CPUC and the Federal Energy Regulatory Commission (FERC), respectively. If the cost of an energy contract or transmission upgrade is deemed reasonable, the IOU is able to recover those costs through retail rates or the transmission access charge, arguably leaving the IOU with only a weak incentive to "broker the best deal." In fact, because they earn a guaranteed rate of return on their transmission investments, transmission owners may be encouraged to over-build and thus add to the rate base that determines their profits.

Finally, even if each LSE has complete information about the delivered cost of proposed generation projects and incentives are in place to encourage an LSE to choose the most valuable generation and transmission projects for its own ratepayers, the disconnect between resource and transmission planning at each entity will likely lead to an inefficient outcome for the state. Many LSEs want access to renewable generation in the same regions, and it is inefficient in such cases (and often environmentally damaging) for each LSE to plan separate transmission solutions. An efficient outcome in such a case must involve all relevant buyers and sellers in planning cost-effective transmission to access cost-effective generation.

c) The market has been <u>ineffective</u> in expediting the planning and permitting of generation and transmission facilities. The planning and development of new transmission is necessary but contentious. The explosion of potential generation projects in the California ISO's interconnection queue – with far more projects requesting interconnection than are likely to be economically viable, at least in the short to medium term – creates uncertainty as to how a transmission owner should define a proposed transmission project.

RETI seeks to build consensus and expedite transmission planning and permitting by involving a wide variety of stakeholders in the development of objective and transparent information.

Information generated by RETI will also likely impact the development and permitting of renewable projects. Generation project permit applications are expected to be numerous and to accelerate over the next 5 to 10 years, including applications for solar projects at the Energy Commission and the U.S. Bureau of Land Management (BLM). A market-only approach may not result in consistently strong applications because broad stakeholder interests will not always be adequately considered, and individual applications will not be based on

any comprehensive plan for renewable development because such plans do not exist. The analysis developed by RETI will help fill this void by offering a roadmap to facilitate renewable development based on broad stakeholder involvement that will inform developers and decision makers, resulting in stronger applications and reducing permitting delays.

**7) How will CREZ identification take into consideration commercial interest as demonstrated through queue positions, contracts, site control, etc.?**

Commercial interest in development is a key indicator of the developable potential that RETI seeks to evaluate and is a critical component of the Phase 1 Resource Assessment. Thus, the supply curves and CREZ identification and ranking in Phase 1 will integrate as much project-specific, commercial on-the-ground development information as possible. This includes recognition of projects having Power Purchase Agreements, position on a utility solicitation shortlist, queue position, site control, mature generation technology, equipment supply contracts and other pertinent factors.

The RETI Stakeholder Steering Committee (SSC) has the difficult task of developing the specific methodology for incorporating this evidence of commercial interest into the Phase 1 Resource Assessment. Generator input is crucial to ensuring the accuracy and validity of the Resource Assessment. As described in more detail in the answer to Question (14), we encourage all RETI participants to work closely with their SSC representative to provide information regarding how this methodology should be developed, as well as specific information regarding the viability or lack of viability of resource areas and technologies.

The methodology for gauging developable potential should address the difference between demonstrated commercial interest and speculation. This is necessary because a significant amount of what might be characterized as "commercial interest" in California's renewable energy market is not likely to be economically viable. The over 40,000 MW of renewable projects in the California ISO interconnection queue, for example, cannot all be developed in the near or medium term, though each project's developer has invested some amount of money in entering the interconnection process. Further, while much of the delay in the development of projects with IOU contracts has been due to lack of transmission, developer inexperience, an inability to secure site control or financing, technological immaturity and other factors also play a part. Experience shows that it is unrealistic to assume, for the purposes of justifying transmission construction, that every project with a contract or a queue position will come to fruition. By combining an assessment of theoretical resource potential with information about commercial interest, RETI aims to establish a more rigorous and realistic estimate of generation project development potential.

**8) Why can't we just rely on the California ISO and publicly owned utility (POU) interconnection queues as indicators of developable resource potential in a renewable area?**

Interconnection queues are one form of evidence of market interest in renewable project development in an area, but alone they are an unreliable and inaccurate measure of renewable resource development potential for many reasons.

First, the queues reflect a high degree of speculation. The California ISO interconnection queue contains more than 40,000 MW of wind and solar projects, and the IID, LADWP and SMUD queues contain many additional MWs of renewable projects. The low costs of entering the queues and the need to enter the queues early because of the time associated with the interconnection process encourage entry into the queues at an early stage in project development. Consequently, many of the projects in the queues are speculative in that they do not have site control, rely on commercially unproven technologies and/or have no defined plan to participate in power sales solicitations.

Second, only a fraction of the projects in the combined queues will be needed to meet all of California's foreseeable renewable energy goals**.** Increasing the amount of renewable energy in the statewide mix to 33%[3] is likely to require less than 20,000 MW of new renewable generation over the next 12 years—even if all of that power comes from in-state sources. Thus, the actual amount of in-state renewable generation that can reasonably be expected to be procured over the next decade is much less than half of the more than 40,000 MW of queue positions.

Third, the interconnection process was developed to satisfy federal objectives of open transmission access and was not intended to incorporate other significant factors - such as developable potential or cost-effectiveness**.** Interconnection queues often have multiple requests related to generation projects located relatively near an existing transmission line, or near the route of planned transmission that has a perceived likelihood of being constructed. Thus, while the queues in these circumstances do indicate commercial interest along these routes, the queues tell us little or nothing about the developable potential of renewable resources in areas with no nearby existing or anticipated transmission lines. Nor do the queues tell us where the combined transmission/renewable energy cost of development is the best value to ratepayers.

**9) Why do we need any sort of cost assessment, if the cost forecasts for each technology may be inaccurate and soon outdated?**

California is prepared to make a multi-billion dollar investment renewable energy. For example, transmission to facilitate the development of the Tehachapi Wind Resource Area is projected to cost over $1.8 billion. The associated generation investment is projected to cost approximately $8 billion. Thus, total Tehachapi development costs are currently projected at roughly $10 billion. However, the CPUC currently has no effective way of comparing the relative ratepayer benefit of renewable development in Southern California, Western Arizona, Western Nevada, British Columbia, Imperial Valley, and

[3] This is based on the estimate of renewable generation required to meet California's green house gas emission reduction goals.

other areas. Because the ultimate charge of the CPUC is to protect consumers and ensure safe, reliable utility service at reasonable rates, the CPUC needs information that compares developable generation costs across renewable areas in order to make cost/benefit determinations among renewable resource areas. This information will help permitting agencies like the CPUC understand where they can get the best bang for their ratepayer buck.

As briefly discussed in the answer to Question (5), we all recognize that any cost forecast is subject to error. Broad generator participation in RETI is crucial to ensuring that the adopted cost forecasts are as informed as possible. While RETI will attempt to quantify many variables, no one involved in RETI expects that the adopted cost forecasts will correctly anticipate all of the technological changes and other variables that will drive the future cost of renewables. No CREZ will be set aside based on cost differences that could reasonably be attributed to forecasting error. What RETI is anticipated to provide, however, is information that is transparent and detailed enough to allow – forecasting error notwithstanding – a prioritization of CREZ that takes into account the expected cost of both generating energy in that CREZ and delivering that energy to load. To reduce the risk that forecasting error will lead to erroneous policy decisions, the RETI cost assessment is expected to be refreshed and updated regularly, perhaps every 2 years.

RETI's attempt to quantify renewable development costs on a consensus basis is not new. For the US DOE-American Wind Energy Association *20% Wind Vision* report soon to be released, wind turbine manufacturers, suppliers and developers arrived at a consensus on the likely cost of turbines and wind plant capital cost in the period to 2030. The Frontier Line feasibility study performed by PacifiCorp and utilities in California, Nevada, and Arizona arrived at consensus cost estimates of both fossil and renewable technologies for use in that study. Again, generator input will be essential in establishing a rigorous analytical basis for this aspect of CREZ identification.

**10) Distributed generation can be sited close to load, has no transmission requirements, and many other benefits. Will RETI consider DG?**

RETI will incorporate existing forecasts of distribution-level resource additions (defined by the Energy Commission as resources less than 10 MW) and customer generation into its assumptions, including the California Solar Initiative (CSI) projected resource additions. RETI will not re-assess the potential for new customer-level or distribution level renewable resources in California.

One of the goals of RETI is to identify renewable resources in California and the transmission required to access those resources. While there are renewable resources such as solar PV, biogas, and biomass that can be developed as distributed generation, California will require tens of thousands of MW of new renewable resources to meet the RPS. Most of this capacity will be in areas that are either underserved by current transmission or have no transmission access.

**11) Will RETI evaluate renewable projects in urban areas and near existing transmission as well as those located in remote areas?**

RETI intends to evaluate all significant renewable resources in California, including renewable resources located near urban areas. Due to their locations, it is unlikely that these projects will require significant transmission-level upgrades. Therefore, while the RETI process will account for the potential economic development of these resources to meet renewable goals it will not likely include these areas in CREZ for transmission planning. One of the goals of RETI is to identify renewable resources in California and the transmission required to access those resources. While there are renewable resources such as solar, biogas, and biomass that may be located either near load centers or can be located near existing transmission, California will require tens of thousands of MW of new renewable resources to meet RPS and most of this capacity will be in areas that are either underserved by current transmission or have no transmission access.

**12) How will environmental considerations inform CREZ determinations?**

RETI will include environmental considerations in the Phase 1 Resource Assessment from a "fatal flaw" perspective. Land use, water use, and other considerations will be taken into account when determining the developable renewable potential in a given area. In Phase 2, a more detailed environmental assessment will be performed to determine the environmental viability of the renewable resource area (CREZ) and the potential transmission corridor.

While the RETI analysis will consider environmental factors in the CREZ development and transmission analysis, the RETI analysis will not provide project level environmental review or approval. As each generation and transmission project is unique, project developers will still be required to conduct siting and environmental permitting reviews.

**13) Is RETI going to pick winners and losers among technologies and among generators?**

RETI is not a procurement mechanism. It will not identify specific projects that will receive power purchase agreements, nor will it choose technologies that will be a priority for development in California. RETI will, however, identify resource zones which we would expect to be more cost-effective to the state than other zones based on the identified developable potential and estimated transmission costs. To the extent that a particular developer has already invested in land in one of these zones and has plans to develop that land using a technology that adds value to the zone, that developer may "win". A developer who has invested in land that is not identified as a priority CREZ may "lose", though he or she could still seek project interconnection through the usual Large Generator Interconnection Procedures.

Winners and losers are inevitable, however, with or without the RETI process. California cannot develop every renewable generation project in which developers have expressed interest, nor can ratepayers foot the bill for transmission to a resource simply because a

developer claims that the resource is cost-effective. Winners and losers are already chosen under the status quo, but these decisions are not necessarily made in a rational, efficient way. RETI allows for a rational prioritization of generation and transmission projects but leaves to the market final decisions regarding power purchase agreements and transmission line subscriptions.

## Questions Regarding the RETI Process

### 14) How should renewable generators participate in RETI?

Generators, and all other RETI stakeholders, should participate in RETI through the Plenary Stakeholder Group (PSG) and Stakeholder Steering Committee (SSC). These groups are structured to solicit and integrate broad stakeholder input into every aspect of the RETI process. The PSG meets approximately every 2-3 months, to review critical path items such as draft reports, and is open to anyone interested in contributing to or just monitoring the RETI process. Suggestions, comments and concerns should be raised in the PSG meetings, and directly to your SSC representative. Meeting information is available on the RETI website at www.energy.ca.gov/reti and through the RETI list server. Anyone interested in renewable generation or transmission development is urged to subscribe to this list server on the RETI website. Call-in numbers are generally available for PSG meetings, and PSG meeting presentations and summaries are posted on the RETI website.

The SSC is a working group of approximately 25 members who have each agreed to represent a class of stakeholders including developers, ratepayer and environmental advocates, utilities, transmission owners, permitting agencies, land use agencies, and local governments, among others. The SSC includes one representative each from the solar, geothermal, wind and biomass industries, as well as an individual representing several technologies through the Independent Energy Producers Association. The SSC meets monthly and is responsible for guiding and directing the bulk of the work performed under RETI. RETI's work is facilitated by the Center for Energy Efficiency and Renewable Technologies (CEERT), under contract to the Energy Commission, and analytical support is provided by Black & Veatch, under contract to the CPUC. Interested individuals may attend SSC meetings as observers, and SSC meeting presentations and summaries are posted on the RETI website. Because the SSC must conduct a large amount of work at its meetings, however, observers at SSC meetings may not participate actively in the meetings. It is thus critical that stakeholders communicate with their SSC representative, to enable that representative to accurately represent those views to the SSC.

The SSC has also established working groups to work with Black & Veatch between SSC meetings on technical aspects of the RETI Phase 1 Resource Assessment. For example, SSC members interested in helping to identify and define the methodology, data and assumptions used in the Resource Assessment volunteered to participate in a working group that will develop recommendations for the SSC. Developers may be particularly

interested in feeding information and ideas to their SSC representative to help shape the output of this working group.

## Questions Regarding How and Where RETI Information Will Be Used

### 15) How does RETI interact with the FERC Order 890 planning process?

While the RETI process is different from the FERC Order 890 planning process, RETI can provide critical value to the California ISO and POU transmission planning processes by facilitating the identification and selection of development opportunities and/or priorities through its Resource Assessment. The FERC 890 process governs the planning process used by transmission providers to respond to specific requests for transmission, including transmission requests from renewable energy projects. RETI is a broader planning activity that will identify – through the Resource Assessment - CREZ in California and neighboring states that can provide significant amounts of energy from renewable resources to California consumers. RETI will also collect data and complete analyses to identify those CREZ that have the greatest potential for development in the most cost effective and environmentally benign manner.

The California ISO has recognized the value of RETI-type analysis to transmission planning in recently filed amendments to its Transmission Planning Process (TPP). For example, the TPP must seek to promote state environmental policies (California ISO Tariff Section 24.2) and the Unified Planning Assumptions and Study Plan must incorporate state regulatory initiatives (California ISO Tariff Section 24.2.4.1). This latter provision contemplates the specific inclusion of the outcomes or products of state activities, such as RETI, in shaping the objectives and scope of the studies performed as part of the TPP. Accordingly, the California ISO will solicit input from RETI and market participants prior to publication of the final Unified Planning Assumptions and Study Plan in May of each year. The intent is that RETI recommendations should, to the extent appropriate, be reflected in the transmission providers' ultimate plan of service and inform FERC 890 planning processes. The California ISO and RETI must cooperate to ensure that the timing of their respective processes is properly coordinated.

### 16) Will RETI inform the CPUC's review of contracts for RPS-eligible energy, and if so, how?

Yes. The CPUC has the final responsibility to determine what ratepayers must reasonably pay for RPS-eligible energy. The CPUC has been concerned about an observed increase in the price of renewable power since the beginning of the RPS program. The increase is due to a number of factors, including a simple supply-demand imbalance, which may provide opportunities for the exercise of market power, interest in new and relatively expensive technologies, and rising global prices for commodities, wind turbines, and engineer-procure-construct contracts. These concerns are made more urgent by the fact that the IOUs may soon reach their respective statutory caps on the total above-MPR energy costs they may sign up during the contracting process. If an

IOU reaches its cap, it is relieved of any obligation to procure renewable energy that is priced above the MPR, but the CPUC currently has no way of prioritizing generation projects for use of above-MPR funds, nor do the IOUs have an adequate way of incorporating transmission costs into the least-cost/best-fit methodologies they use to compare bids for renewable power. The CPUC anticipates using the output of RETI Phase 1 to provide information regarding project viability and the reasonableness of contract pricing; to assist in prioritizing projects for above-MPR funds; and to assist the IOUs in better incorporating analysis of transmission needs and costs into their consideration of competing generation projects.

**17) Will RETI inform the CPUC's review of CPCN applications for transmission infrastructure, and if so, how?**

Yes. See answers to Questions (1), (5), and (9).

**18) Will RETI inform the Energy Commission's Transmission Corridor Designation and Strategic Planning processes, and if so, how?**

Yes. Longer-term corridor needs identified in the RETI process may facilitate and justify Transmission Corridor Designation applications to preserve routes for the next generation of transmission lines. RETI information may also result in the Energy Commission filing corridor designation applications on its own motion to help facilitate longer-term transmission needs identified in RETI. The information from RETI will also provide information critical to the development of the Energy Commission's Strategic Transmission Investment Plan.

**19) Will RETI inform the Energy Commission's Power Plant Siting process, and if so, how?**

Yes. Renewable generation and renewable transmission share many of the same siting constraints, including land use conflicts, "not in my backyard" disputes, public/sensitive lands issues, biological and cultural resource impacts, and visual concerns that can delay permitting processes. The Energy Commission can benefit from a plan of development that considers and ultimately avoids many of these siting constraints. The Energy Commission's siting process, which includes jurisdiction over large solar thermal, geothermal, and biomass power plants, will therefore benefit from RETI to the extent that RETI considers land use and permitting issues during the CREZ identification and prioritization process. Siting applications consistent with RETI analysis will likely have fewer permitting issues and meet less resistance, resulting in a streamlined and less costly siting process.

**20) Will RETI impede reform of the California ISO Large Generator Interconnection Procedures (LGIP)?**

No. The California ISO is planning to file its Generator Interconnection Process Reform proposal by spring 2008, and expects to receive a determination from FERC on these

matters by late summer or early fall 2008. RETI CREZ identification, to be completed by the end of August 2008, will thus proceed in parallel with the activities of the California ISO and FERC.

While the California ISO anticipates that the primary benefit of RETI CREZ identification will be to inform the California ISO and POU transmission planning processes, the California ISO is hopeful that California ISO interconnection group studies can also be guided by the output of RETI. To the extent that information from RETI influences IOU procurement processes (such as Requests for Offers), the California ISO also anticipates benefits to the generation interconnection process by differentiating among the viability of interconnection requests.

Additionally, RETI will provide critical information for the State to designate Energy Resource Areas (ERAs) that support transmission financing treatment under the California ISO Location-Constrained Resource Interconnection Facility tariff, which is expected to be approved by FERC in spring 2008.

**21) Is there a guarantee that generation and transmission development in identified CREZ will move forward?**

There are few guarantees in the competitive world of power procurement. However, the agencies that initiated RETI did so precisely to accelerate the development of renewable generating projects and the new transmission necessary to access them: Statutory mandates require large amounts of renewables to be added in a short period. CREZ identification provides a transparent way to prioritize which of many possible transmission projects should be built, to areas that provide the greatest net social benefit and have the highest likelihood of being approved and timely built.

**22) Why can't transmission owners begin planning facilities to areas having high densities of projects under contract now?**

Transmission owners can, and have, begun transmission planning for areas having high densities of renewable generation projects either already under contract or in the interconnection queue, and such work continues. Nothing in RETI is intended to slow down or interfere with those independent efforts. In the future, and as the RETI Phase 1 and 2 assessments are completed, the RETI process will inform and likely focus such transmission planning processes. Additionally, Phases 2 and 3 should provide a platform for valuable stakeholder input into the planning of transmission projects at several different stages of development. Because RETI Phase 1 is scheduled to be completed by August 2008, a relatively short time frame, RETI is not positioned to pre-judge the outcome of that assessment by sponsoring, within RETI, the planning of new transmission projects in parallel with that assessment. Such an effort might undermine the objective and inclusive process RETI has sought to establish. However, a RETI working group will be formed shortly to discuss the elements of Phase 2.